

Asia Morning Bites

Markets remain cautious but have not fully embraced "risk-off"



Asia Morning Bites

Source: shutterstock

Global Macro and Markets

- **Global markets:** Despite yesterday's surge in oil prices following the Hamas attacks on Israel and ensuing retaliation against Gaza, US equities managed to make small gains. The S&P 500 rose 0.63% and the NASDAQ gained 0.39%. Equity futures are undecided as to the direction for today, and Chinese stocks, back from their long holiday, drifted sideways after a weak opening. Columbus Day in the US means that we had no Treasury action yesterday, but US yields are sharply down in early Asian trading today, with the 10Y currently at about 4.6466. That would also chime with recent Fed speaker hints of a pause at next month's FOMC meeting. Jefferson and Logan yesterday both suggested that the recent rise in bond yields had done some of the Fed's tightening for it. The USD picked up mixed support in what appears to be a very muted risk-off environment. EURUSD moved lower to 1.0574, but this was fairly steady throughout the day and only slightly lower than the previous day. The AUD actually recovered above the 64-cent level. Cable is more or less unchanged at 1.2244, but the JPY is stronger at 148.428. The CNY moved lower on its first day back from holiday, declining to 7.2926, the PHP and IDR both struggled yesterday, each weakening a little over 0.5%.
- **G-7 macro:** With the US out yesterday, there wasn't much macro activity in the G-7. The pace remains slow today, though US PPI data tomorrow and CPI on Thursday could warm up markets. The September US NFIB small firm business survey is released today. Always

worth a look.

- **Philippines:** August trade data is set for release this morning. We expect another month of contraction for exports and imports with the trade deficit staying substantial at roughly \$4.5bn. Exports should struggle due to soft demand for electronics although imports could post a smaller contraction as energy imports rebound on higher global crude prices. Chronic trade deficits should mean that the PHP will remain pressured in the near term as the current account also remains in deficit.

What to look out for: Fed speakers and US inflation later in the week

- Australia Westpac consumer confidence (10 October)
- Japan trade balance Bop (10 October)
- Philippines trade (10 October)
- US wholesale inventories (10 October)
- Fed Bostic and Perli speak (10 October)
- South Korea current account balance (11 October)
- Japan machine tool orders (11 October)
- Taiwan trade (11 October)
- US PPI and FOMC minutes (11 October)
- Fed's Waller, Kashkari, Daly, Bowman, Bostic speak (11 October)
- Japan PPI and core machine orders (12 October)
- India CPI inflation (12 October)
- US CPI inflation and initial jobless claims (12 October)
- Fed's Collins and Logan speak (12 October)

- South Korea unemployment (13 October)
- China CPI inflation (13 October)
- Singapore GDP and MAS (13 October)
- US University of Michigan sentiment (13 October)
- Fed's Bostic, Collins and Harker speak (13 October)

Author

Robert Carnell

Regional Head of Research, Asia-Pacific

robert.carnell@asia.ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.